



Clerk-Treasurer's Conference Fall of 2013

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Introduction

- Updates:
 - 8 Counties had submitted Certified Net Assessed Values by the statutory deadline of August 1
 - As of September 30, 2013, 66 counties had certified
 - Deadline for all units to submit 2014 budgets to counties for non-binding recommendation was September 3, 2013
 - By the deadline, 547 Of 555 cities and towns had submitted or 99%



Introduction

- Goals for 2013/2014:
 - 91 counties with on-time property tax bills for 2014
 - 91 county budget orders certified by Feb 15th
 - 100% of cities and towns submit budgets to counties on time for recommendation



Preview of Upcoming Events

- Budget Calendar:
 - September 20 – Last day for second publication of 2014 budgets, rates, and levies
 - October 1 – Last day for county fiscal body to complete budget review and issue recommendations for 2014 budgets, rates and levies
 - October 21- Last day to file appeals for excessive levy
 - October 22 – Last possible day to hold public hearing on 2014 budget
 - October 29 – Last possible day for 10 or more taxpayers to object to 2014 budget, rates or levies.



Preview of Upcoming Events

- Budget Calendar (Continued):
 - November 1 – Last day for fiscal body to adopt 2014 budgets, rates, and tax levies
 - November 4 – Last day for fiscal body to file budgets with the DLGF through Gateway
 - Last day to file shortfall appeals with the DLGF is December 31
 - February 15 – Budgets, tax rates and tax levies to be certified by the DLGF



What's Next?

- Public Hearing: Last possible day is Oct 22nd.
 - Public Hearing is the opportunity for the public to voice their opinion on the budget, tax rates, and levies.
 - Hearing must be at least 10 days before the adoption meeting.
 - Hearing must be held on the date, time, and place advertised on the budget notice.
 - Public hearing must be held by the body that adopts the budget, rates, and levies.
 - Any objections to the budget, tax rates or levies must be filed with the fiscal body within seven (7) days of the public hearing.



After the Public Hearing...

- Adoption Meeting:
 - Adoption Meeting must be held by the fiscal body on the day, time and place advertised on the budget notice.
 - Objections to the budget, rates or levies must be addressed in the resolution adopting the budget.
 - Meeting must be at least ten (10) days after the Public Hearing and by November 1.
 - A majority of the fiscal body is a quorum.
 - In cases where a quorum is not present, “continue” the meeting to another day and time as stated during the original meeting.



After the Adoption Meeting...

- Budget is submitted to the DLGF by November 4 through Gateway.
- DLGF will begin working the budgets by county when the budgets are submitted and the DLGF has the assessed values certified by the auditor.
- DLGF field representatives will work the budgets in the order the county had certified the assessed values (CNAV's).
- Field Representative may contact you for additional information or with questions.



New For 2014 Budget

- The DLGF is no longer required to conduct additional public hearings in each county before we take any action on a budget, tax rate or levy unless...
- Any taxpayer in a county can request a public hearing and a DLGF representative will hold a hearing.
- Hearing will require a five (5) day notice to be published by the county auditor.
- After the hearing, DLGF will act on the budgets.



1782 Notice

- DLGF is required to give each civil taxing unit ten (10) day notice of any action the DLGF has taken on a budget, rate or levy. (IC 6-1.1-17-16)
 - This Notice is called the “1782 Notice”
 - 1782 Notice is an opportunity for each unit to review the DLGF’s actions and request changes, corrections, or adjustments to the budget, rates, or levies.
 - The 1782 Notice will be sent to each unit by email. So, make certain you enter your email address on the new line on the “accordion” in Gateway. (It’s at the bottom of the forms.)



1782 Notice

- The 1782 Notice has several parts:
 - Notice (page 1)
 - 1782 Notice Notes Report
 - Fund Report
 - Estimates of Miscellaneous Revenues for Year Ending 20__
 - Maximum Levy Report and
 - Rate Cap Calculations



1782 Notice

- The 1782 Notice (Page 1):
 - First page is the Notice with instructions.
 - Provides information of how and where to respond.
 - First page is also a signature page with two boxes (choices):
 - No Changes Requested or
 - Please Make Changes According to the Attached Information.
 - First page includes the deadline to respond.
 - Return the 1782 Notice to DLGF ASAP
 - Accelerates processing of Budget Order.



1782 Notice

- 1782 Notice Notes Report
 - As DLGF staff work through budgets and make adjustments, they assign notes for certain lines. Those notes describe why a line was changed.
 - Examples of the notes are:
 - “Lesser of unit adopted or prior year budget due to proof of publication not submitted in Gateway” or
 - “Rate reduced due to increased assessed valuation.”
 - Dollar amounts or tax rates may also be included with the notes.



1782 Notice

- Fund Report:
 - A Fund Report is similar to the 16-Line Statements you submitted with your budget.
 - Each line is important but line 16 is critical – Line 16 is the Tax Levy for that fund for the following year. Once the levy is certified you cannot change it. That is the amount of property taxes that will be billed for this fund for the budget year.
 - Taxes collected exceeding this amount are to be deposited into a levy excess fund and used to reduce a future years levy.



1782 Notice

- Fund Report (Continued):
- Other Important Lines:
 - Line 1 – Budget Estimate for following year
 - Line 2 – 2nd Half expense of current year
 - Line 6 – June 30 Cash & Investment balances
 - Line 7 – Dec Property Tax Distribution (Before circuit breaker credits are subtracted)
 - Lines 8 a & b – Miscellaneous Revenues
 - Line 11 – Projected Operating Balance



1782 Notice

- Fund Report:
 - The second part of the Fund Report is a summary of each fund and a total of the rates and total levies of each fund of the unit

Fund	Assessed Value	Rate	Levy	CNTRL
General	140,000,000	0.0150	21,000	UT
Park	140,000,000	0.0090	12,600	UT
MVH	140,000,000	0.0000		UT
Cum Cap Dev	140,000,000	0.0333	46,620	UT

CTL UT Working Max 80,520 Under Max by 300

Remember Formula: $(AV/100) \text{ times Tax Rate} = \text{Property Tax Levy}$



1782 Notice

- Estimates of Miscellaneous Revenues:
 - Another important part of 1782 Notice is the summary of Miscellaneous Revenues* (Form 2)
 - Lists miscellaneous revenues by fund and source
 - Contains two columns: Column A July 1, 2013 – Dec. 31 2013
 - Column B Jan 1, 2014 – Dec. 31, 2014
 - Totals from each column are the amounts on Lines 8a and 8B of the Fund Report. These revenues provide additional funding for your budget.

* Miscellaneous revenues are all revenues except property tax.



1782 Notice

- Max Levy Report:
 - This section of the 1782 Notice shows the calculation of the maximum levy amount.
 - Formula begins with last years max
 - Adjusts for Annexation adjustment (if applicable)
 - Adjusts for PTRC (if any)
 - Excessive Levy Appeal
 - State-wide Average Growth Quotient
 - Cumulative Funds (if applicable)



1782 Notice

- **2014 RATE CAP CALCULATION**
 - This page shows the eight steps for calculating the maximum rate for the cumulative fund
 - Formula is primarily based on the past four years average annual percent change in assessed value
 - Formula determines the maximum cumulative fund rate that can be allowed.



Suggested Actions for 1782

- Compare:
 - Compare to Last Years 1782
 - Are the same funds listed as last year?
 - Are the levies and rates similar to last year?
 - Compare to Council Approved Budget
 - Council may approve more funds than the DLGF certifies
 - 1782 Notice will include any fund supported by property tax, rainy day fund, MVH, LR & S, cumulative funds, and debt funds
 - Are the budgets, rates, and levies close to the council approved amounts?
 - Are the 1782 amounts similar to the budget advertisement and if not, do you know why?



How to Respond

- Write the requested changes on the Notice
- Scan the Notice and email to 1782Notices@dlgf.in.gov or FAX to 317.232.0178.
- Include a written explanation for the request if you think it's needed.
- Remember to closely review the 1782 Notice and to respond quickly.
- Contact your field representative or the DLGF Budget Division with questions about the 1782.



How to Respond

- Common Responses to 1782 Notice:
 - Reduction to Line 2 – 2nd Half Expense
 - 2nd half expense are frequently overstated. A reduction to this line will increase available funds on Line 11 (Operating Balance) allowing a higher Line 1 (Budget). Reducing Line 2 can be done by the council passing a Resolution.
 - Revision to 2nd Half Estimated Revenues
 - More information regarding revenues is available when the 1782 Notice is issued than when revenues were originally estimated. Some revenues may be higher than originally estimated which provides more funding.



Budget Order

- DLGF's certification of appropriations, property tax rates and levies by unit and fund.
 - Provides units with the authority to spend and tax
 - Budget Order is issued to the county
 - Certifies for each unit in the county the budget, assessed value, tax rate and levy for each fund.
 - Order also includes:
 - Certified tax rates for each tax district in the county.
 - Notes that explain certain actions taken on budget, rates, or levies.
 - Notice and authority to transfer balances in levy excess fund to operating fund.



Reminders

- Deadline to file excessive levy appeal is October 21
 - Appeal must have been included in the 2014 budget and levy advertisement.
 - Appeal must be approved by the fiscal body
 - Appeals can a permanent or temporary adjustment to levy
 - Appeals may be filed for:
 - Annexations, Consolidation or Extension of Services
 - Three year growth factor exceeding 2% of state-wide growth factor
 - Emergency (Natural disaster, accident, or unanticipated emergency)
 - Correction of Advertising, Mathematical or Data Error
 - Property Tax Shortfall Due to Erroneous Assessed Value



Reminders

- Additional appropriations
 - Additional appropriations are submitted to DLGF for either approval or as “reporting only.”
 - Requires 10 day public notice of the hearing by fiscal body
 - Fiscal officer submits a Certified Copy of Additional Appropriation to DLGF
 - Certified Copy is due to DLGF by December 16th.
 - Additional will also show on line 3 of Form 4b.
 - Process ***reductions to appropriations*** in the same manner – decreases Line 2 of Form 4b.



Reminders

- OPEB (Other Post Employment Benefits)
 - Defined by GASB to include healthcare and other non-pension benefits provided to employees after employment ends.
 - OPEB's include medical, prescription drug coverage, dental, vision, long-term disability, etc.
 - Beginning with the 2013 annual reports, units are required to report before Feb 1 all OPEB's.
 - Gateway will have an OPEB application for reporting purposes. Units are to include the types of benefits that would qualify as OPEB when calculating the liability.



Reminders

- Other Reporting Requirements:
 - DLGF may only approve annual budgets or additional appropriations for units that have electronically filed with the State Board of Accounts:
 - The Annual Financial Report (CTAR) (Includes TA-7).
 - The Annual Personnel Report (100R) (which also indicates if the governmental unit offers a health plan, a pension and other benefits to full-time and part-time employees).
 - Statement by executive that unit has adopted an anti-nepotism policy.
 - Debt issuance report to DLGF (DLGF may not issue a budget or levy for debt service if this report is not filed.) (Mar 1)



Coming Soon...

- Protected Taxes:
 - **Protected** taxes are property taxes collected on funds that are exempt from circuit breaker credits and property taxes collected for debt service obligations.
 - Funds that have **protected taxes** receive property tax as if there were no circuit breaker credits.
 - The loss in revenue due to circuit breakers is allocated to other property tax supported funds. Allocation is determined by the political subdivision.
 - Circuit breaker credits are subtracted from funds receiving **protected taxes** if there is no other property tax remaining.
 - Transfers from other funds are allowed to offset loss.
 - Effective for 2014. (See June 18, 2013 memo.)



References

- Circuit Breaker Reports:
<http://www.in.gov/dlgf/9168.htm>
- Local Income Tax Distribution Reports:
<http://www.in.gov/dlgf/2339.htm>.
- 2014 Misc Revenue Report (State Auditor)
[http://www.in.gov/auditor/files/2014 Revenue Estimates 06-04-13.pdf](http://www.in.gov/auditor/files/2014_Revenue_Estimates_06-04-13.pdf)



QUESTIONS???



Contact the Department

- **Dan Jones, Assistant Director of DLGF Budget Division**
 - Telephone: 317.232.0651
 - Fax: 317.974.1629
 - E-mail: djones@dlgf.in.gov
 - Website: www.in.gov/dlgf
 - “Contact Us”: www.in.gov/dlgf/2338.htm.